GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1228
ANSWERED ON:02.05.2016
Online Retail Market
Chandumajra Shri Prem Singh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether online retail market is growing fast in the country;

(b) if so, the details thereof along with the average annual growth of the said market;

(c) whether the opportunities of assistance of foreign capital investment are available in this market; and

(d) if so, the details thereof indicating the percentage of foreign investment assistance approved so far?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) & (b): No such study has been conducted.

(c) & (d): Foreign Direct Investment (FDI) policy permits 100% foreign investment under the automatic route in companies engaged in e-commerce provided that such companies would engage only in Business to Business (B2B) e-commerce. Further, an entity is permitted to undertake retail trading through e-commerce under the following circumstances:

i) A manufacturer is permitted to sell its products manufactured in India through e-commerce retail.

ii) A single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

iii) An Indian manufacturer is permitted to sell its own single brand products through e-commerce retail. Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in house, and sources, at most 30% from Indian manufacturers.

Recently, with the objective of bringing clarity on the FDI policy on e-commerce sector, the Government vide Press Note 3 (2016) (Annexure) issued on 29.03.2016 introduced Guidelines for Foreign Direct Investment (FDI) on e-commerce and clarified that 100% FDI under automatic route is permitted in marketplace model of e-commerce and FDI is not permitted in inventory based model of e-commerce.
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